

AIA PESO CONSERVATIVE FUND

July 31, 2024

Fund Description

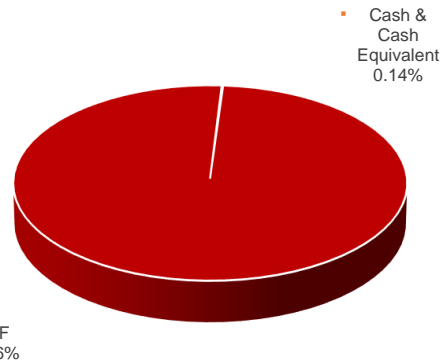
The AIA Peso Conservative Fund (the "Fund") is a Philippine peso-denominated fund created for peso variable life insurance contracts issued by AIA Philippines Life and General Insurance Company Inc., (formerly The Philippine American Life and General Insurance Company). The Fund seeks to achieve long-term total return, which is a combination of income and capital growth with conservative risk and at the same time minimize capital risk by investing in a portfolio comprising primarily of bonds and money market instruments. The Fund will invest in shares of Collective Investment Schemes established by AIA including Unit Investment Trust Funds (UITFs) that are managed by either AIA Investment Management and Trust Corporation Philippines (AIAIM PH) or reputable third-party investment managers.

Historical Performance¹

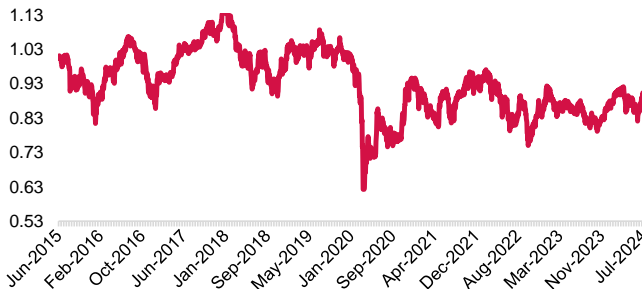


¹ Returns are net of fees. Past performance is not indicative of future returns

Fund Allocation



Net Asset Value Per Unit (NAVPU) Graph



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0477
INCEPTION DATE	20 February, 2023
FUND CLASSIFICATION	Equity Fund
RISK PROFILE	Conservative
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Top Five Common Stock

Name	% of Fund
AIA PESO LONG-TERM BOND FUND	67.17%
AIA PESO MONEY MARKET FUND	16.81%
AIA PESO EQUITY FUND	15.89%
Philippine Peso	0.14%

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The value of portfolios we manage may fall as well as rise, and the investor may not get back the full amount originally invested. The investment risk vary between different types of instruments. For example, for portfolios denominated in foreign currencies, changes in the rate of exchange may cause the value of investments, and consequently the value of the portfolio, to increase or decrease. In the case of a higher portfolio volatility, the realized loss upon redemption may be high, as the investment's value may decline substantially.

In making an investment decision, prospective investors must rely on their own examination of the merits and risks involved. Unless otherwise noted, all information contained herein is sourced from AIA Philippines Group internal data. The content included herein has been shared with various in-house departments within the member companies of AIA Group, in the ordinary course of completion. All AIA Philippines Group member companies comply with the confidentiality requirements of their respective jurisdictions. Parts of this presentation may be based on information received from sources we consider reliable.



HEALTHIER, LONGER,
BETTER LIVES

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Commentary:

Market Review

Macro Update

With local price pressures likely to have peaked, a move towards monetary policy easing is imminent. As widely expected, headline inflation in July rose to 4.4% year-on-year in July from 3.7% in June largely due to unfavorable base effects for fuel-sensitive goods in the previous year. Meanwhile, core inflation moderated to 2.9% from 3.1% in June. Inflation pressures are expected to ease with the passing of Executive Order 62 where it lowered rice tariffs from 35% to 15% effective July 1, 2024. The Bangko Sentral ng Pilipinas (BSP) is anticipated to start cutting its policy rates as early as August. Meanwhile, the US Federal Reserve (Fed) has strengthened its case for a September rate cut due to lower than expected inflation prints and labor market data.

Bond Market Update

Peso bond yields fell in July following the BSP's stronger signals for a policy rate cut in the next few months. Benchmark yields in the 2-year closed at 6.00% (down by 0.25%), 5-year at 6.12% (down by 0.31%), 10-year at 6.17% (down by 0.48%), and 20-year at 6.34% (down by 0.48%).

Equity Market Update

The PSEi recovered in July and posted its first monthly gain since February, +3.23% MoM to 6,619.09, as easing inflation figures led investors to price-in an imminent rate cut in both US and Philippines.

- Inflation rates for June in the Philippines and the US were reported at 3.7% and 3.0%, respectively. These figures are slightly lower than the market predictions of 3.9% for the Philippines and 3.1% for the US.
- BSP Governor Remolona signalled rate cut to commence in August.
- Meanwhile in the US, market is pricing in 3 potential rate cuts in 2024.
- Foreign investors turned net buyers of PH equities worth USD60m.

Positioning, Outlook, and Strategy

Performance: The AIA Peso Conservative Fund gained 2.71% gross of fees in July. It outperformed its benchmark by 0.28%. The fund's higher exposure to equities, which gave a positive return of 3.76% in the month, boosted returns.

Positioning, Outlook, and Strategy:

With BSP policy rate cuts in the horizon, local bond prices are expected to recover in the second half of 2024. Prospects of monetary policy accommodation and easing inflation pressures provide a favorable backdrop for both fixed income and equities.

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